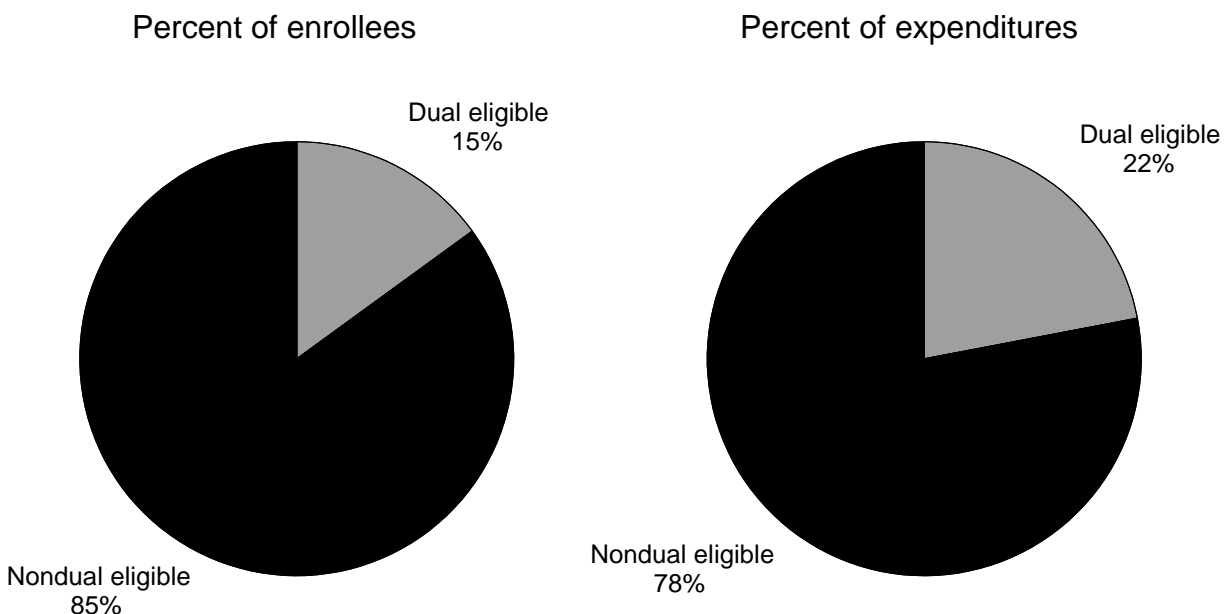


SECTION

2

Dual eligible beneficiaries

Chart 2-1. Dual eligible beneficiaries account for a disproportionate share of Medicare spending, 2001

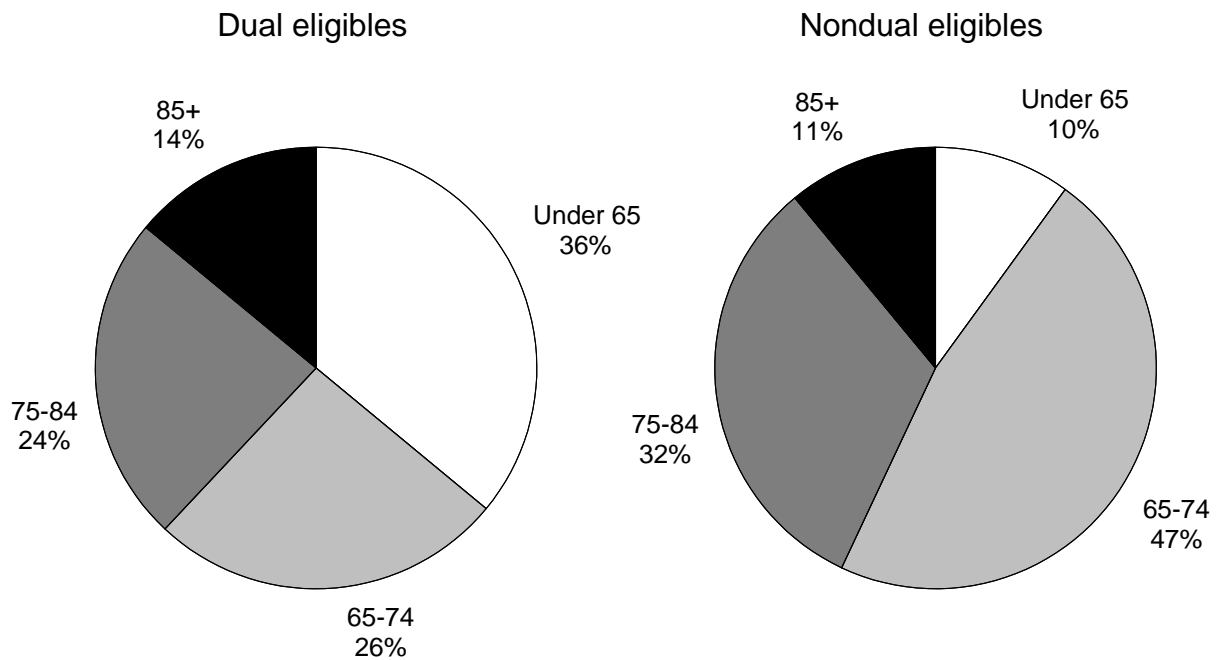


Note: Dual eligibles are designated as such if the months they qualify for Medicaid exceed months they qualify for other supplemental insurance.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2001.

- Dual eligible beneficiaries are those who qualify for both Medicare and Medicaid. Medicaid is a joint federal and state program designed to help low-income persons obtain needed healthcare. (More information on dual eligibles can be found in Chapter 3 of MedPAC's June 2004 Report to the Congress, available at http://www.medpac.gov/publications/congressional_reports/June03_Ch3.pdf.)
- A disproportionate share of Medicare expenditures is spent on dual eligible beneficiaries: Dual eligibles account for 15 to 17 percent of Medicare beneficiaries and 22 to 26 percent of Medicare spending (depending on the method used to determine dual eligibility).
- Dual eligibles cost Medicare about 1.5 times as much as nondual eligibles: \$8,559 is spent per dual eligible beneficiary, and \$5,399 is spent per nondual eligible beneficiary.
- Total spending—which includes spending by Medicare, Medicaid, supplemental insurance and out-of-pocket across all payers—for dual eligibles averaged about \$20,840 per person in 2001, more than twice the amount for other Medicare beneficiaries.

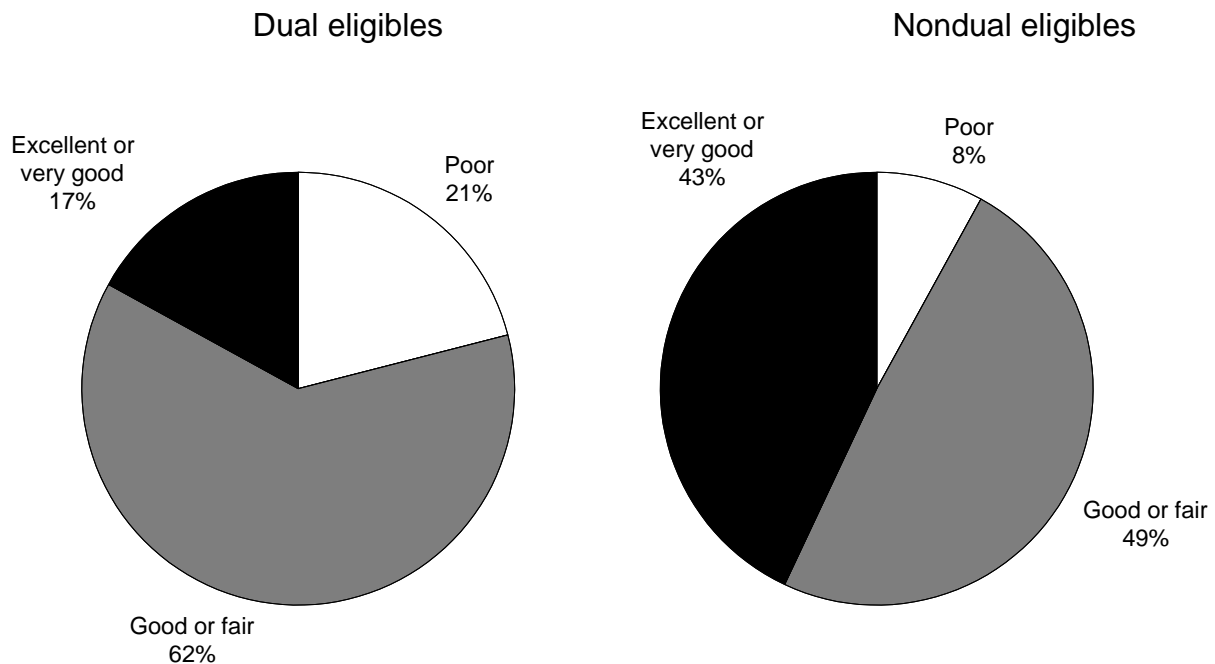
Chart 2-2. Dual eligibles are more likely than nondual eligibles to be disabled or over 85 years old, 2001



Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2001.

- More than one-third of dual eligibles qualify for Medicare because they are disabled (under 65), and 14 percent are age 85 or older—dual eligibles are three times more likely to be disabled than the nondual eligible population.

Chart 2-3. Dual eligibles are more likely than nondual eligibles to report poorer health status, 2001



Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2001.

- Relative to nondual eligibles, dual eligibles report poorer health status. The majority report good or fair status, but just over 20 percent of the dual eligible population report being in poor health (compared with less than 10 percent of the nondual eligible population).
- Dual eligibles are more likely to suffer from cognitive impairment and mental disorders, and they have higher rates of diabetes, pulmonary disease, stroke, and Alzheimer's disease than do nondual eligibles.
- Almost one-quarter of dual eligibles reside in an institution, compared with 3 percent of nondual eligibles.

Chart 2-4. Demographic differences between dual eligibles and nondual eligibles, 2001

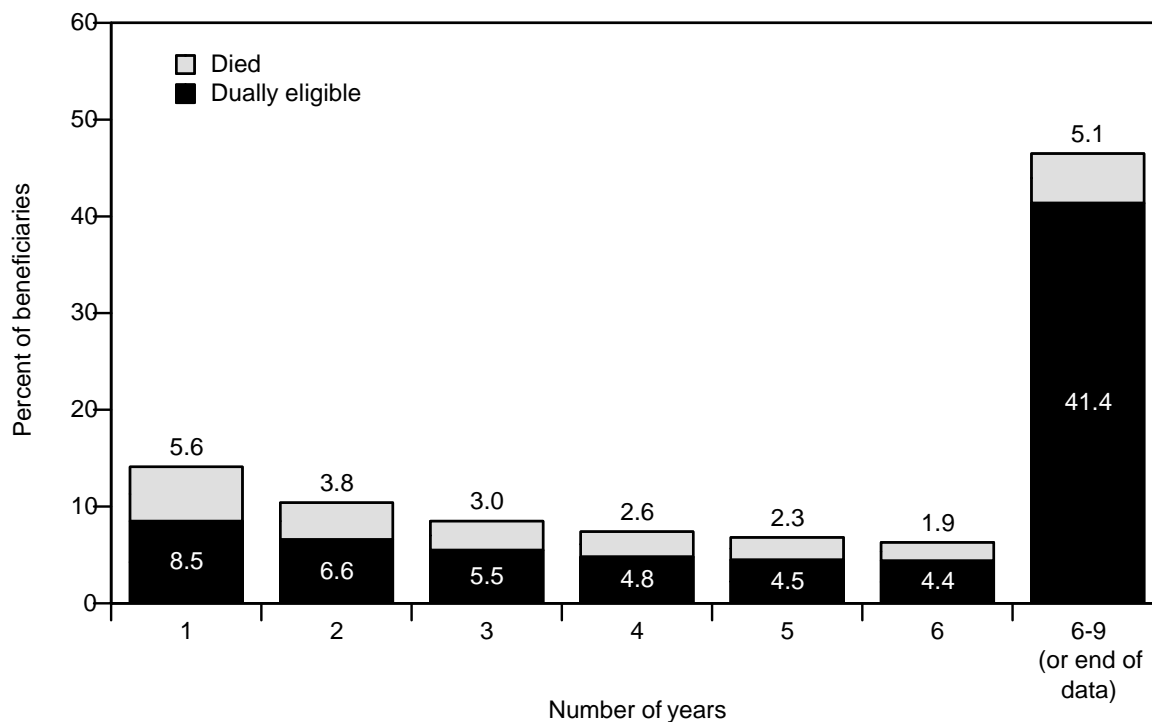
Characteristic	Percent of dual eligible beneficiaries	Percent of nondual eligible beneficiaries
Sex		
Male	38%	45%
Female	62	55
Race/ethnicity		
White, non-Hispanic	57	84
African American, non-Hispanic	21	7
Hispanic	15	6
Other	7	3
ADLs		
No ADLs	45	71
1–2 ADLs	22	19
3–6 ADLs	33	10
Residence		
Urban	73	77
Rural	27	23
Living arrangement		
Institution	23	3
Alone	31	28
Spouse	16	55
Children, nonrelatives, others	31	14
Education		
No high school diploma	62	28
High school diploma only	23	31
Some college or more	15	41
Income status		
Below poverty	62	9
100–125% of poverty	20	9
125–200% of poverty	12	24
200–400% of poverty	4	38
Over 400% of poverty	1	21
Supplemental insurance status		
Medicare or Medicare/Medicaid only	91	12
Medicare managed care	1	18
Employer	1	36
Medigap	1	26
Medigap/employer	0	5
Other*	7	2

Note: ADL (activity of daily living). Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for other supplemental insurance. Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2001, poverty was defined as \$8,494 for people living alone and \$10,715 for married couples. Totals may not sum to 100 due to rounding.
 *Includes public programs such as the Department of Veterans Affairs and state-sponsored drug plans.

Source: MedPAC analysis of Medicare Current Beneficiary Survey, Cost and Use file, 2001.

- By definition, dual eligibles are poor: Over 60 percent live below the poverty level, and 94 percent live below 200 percent of poverty. Compared to nonduals, dual eligibles are more likely to: be female, African American or Hispanic; lack a high school diploma; have greater limitations in activities of daily living; reside in a rural area; and live in an institution, alone, or with persons other than a spouse.

Chart 2-5. Beneficiaries who first became dually eligible for Medicaid between 1994 and 1996 were often still dually eligible 7 to 9 years later



Note: Some beneficiaries likely remained dually eligible beyond the nine year time period we analyzed. This analysis does not include all medically needy dual eligibles because the data do not allow us to identify all of them.

Source: MedPAC analysis of 5 percent denominator files, 1993–2002, from CMS.

- Medicare beneficiaries tend to remain on Medicaid for relatively long periods of time. Of beneficiaries who became dually eligible between 1994 and 1996, nearly half (47 percent) remained dually eligible for more than six years.
- Only 14 percent of those who became dually eligible between 1994 and 1996 were dual eligibles for one year or less.

Chart 2-6. Differences in spending and service use between dual eligibles and nondual eligibles, 2001

Service	Dual eligible beneficiaries	Nondual eligible beneficiaries
Average Medicare payment for all beneficiaries		
Total Medicare payments	\$8,559	\$5,399
Inpatient hospital	3,974	2,486
Physician ^a	2,278	1,720
Outpatient hospital	965	523
Home health	338	241
Skilled nursing facility ^b	727	322
Hospice	199	98
Percent of beneficiaries using service		
Total Medicare payments	92.2%	89.1%
Inpatient hospital	26.8	15.3
Physician ^a	90.5	70.7
Outpatient hospital	71.6	51.7
Home health	8.0	5.5
Skilled nursing facility ^b	7.7	3.2
Hospice	2.5	1.3

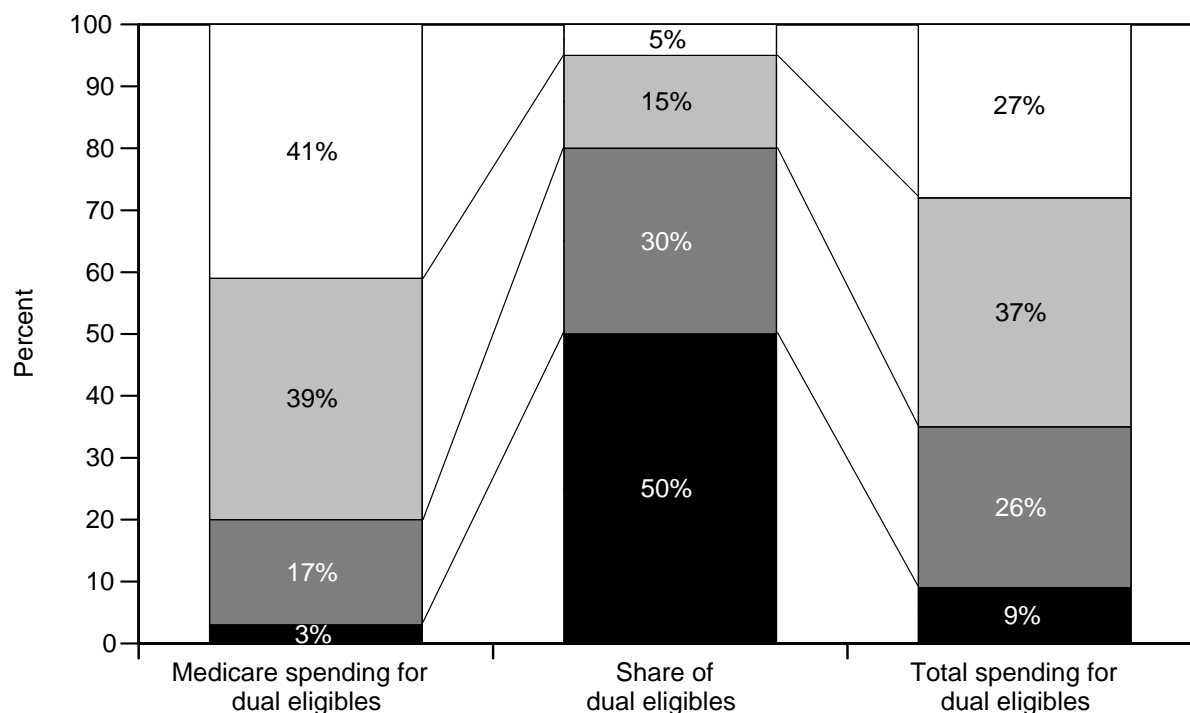
Note: ^aIncludes a variety of medical services, equipment, and supplies.

^bIndividual short-term facility (usually skilled nursing facility) stays for the Medicare Current Beneficiary Survey population.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2001, which updates the previous analysis by Liu et al. in 1998.

- Average per capita spending for dual eligibles is 59 percent higher than for nondual eligibles—\$8,559 compared to \$5,399.
- For each type of service, average Medicare per capita payments are higher for duals than nonduals. The largest percentage difference between the two groups is in skilled nursing facility (SNF) and hospice services, for which Medicare spends over twice as much on duals as on nonduals.
- Higher average per capita spending for duals is a function of both a higher proportion of duals using services than nonduals, as well as greater volume or intensity of use among those using services. A higher proportion of duals than nonduals use at least one Medicare-covered service, but the difference is relatively small—92 versus 89 percent.
- Duals are more likely to use each type of Medicare-covered service than nonduals; for example, duals are more than twice as likely to use SNF services.

Chart 2-7. Both Medicare and total spending are concentrated among dual eligible beneficiaries, 2001

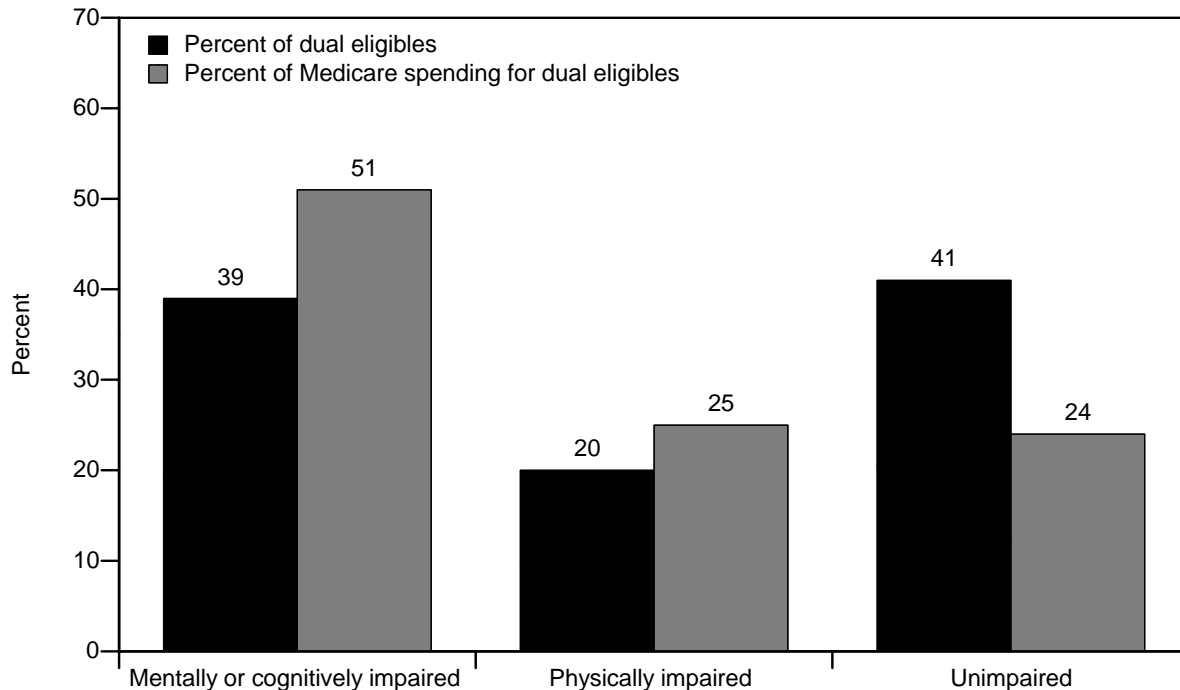


Note: Total spending includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use files, 2001.

- Annual Medicare spending is concentrated among a small number of dual eligible beneficiaries. The costliest 20 percent of duals account for 80 percent of Medicare spending on duals; in contrast, the least costly 50 percent of duals account for only 3 percent of Medicare spending on duals. Of the 1 percent of all beneficiaries for whom Medicare spending is the highest, one-third are dual eligible. Similarly, of the costliest 5 percent of beneficiaries, a quarter are dual eligible.
- The distribution of total spending for dual eligibles is similar, but slightly less concentrated, than the distribution of Medicare spending. For example, the top 5 percent of duals account for 27 percent of total spending, which includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending (compared with 40 percent of Medicare spending).
- On average, total spending for duals is more than twice as high as that for nonduals—\$20,840 compared to \$10,050.

Chart 2-8. Dual eligible beneficiaries with cognitive or physical impairments account for a disproportionate share of Medicare spending, 2001



Note: Physically impaired describes beneficiaries with two or more limitations in activities of daily living (ADLs) and no mental or cognitive disabilities. Unimpaired describes dual eligible beneficiaries with fewer than two ADLs and no mental or cognitive disabilities. Mentally or cognitive impaired beneficiaries may also have physical impairment.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2001.

- Although dual eligibles as a group are costly to the Medicare program, not all dual eligibles are equally so. Overall, dual eligibles with mental, cognitive, or physical impairments are disproportionately costly for Medicare.
- On average, Medicare spends \$12,370 for each aged dual eligible with mental or cognitive problems, \$9,603 is spent for each aged dual eligible with physical impairments, and \$7,299 is spent on each disabled dual eligible with physical impairments.

Chart 2-9. Dual eligible beneficiaries report generally good access to care

Question	Percent reporting positively		
	Dual	Medicare only	Other supplemental insurance
Do you have one person you think of as your personal doctor or nurse?	84.0%	74.6%	91.0%
Did you delay seeking medical care because you were worried about the cost?	9.7	22.5	42.0
Did you usually or always get care as soon as you wanted when you needed care right away?	88.1	90.3	93.0
Did you usually or always get an appointment for regular or routine care as soon as you wanted?	86.5	90.7	92.0

Source: MedPAC analysis of the Cost and Use file and the Access to Care file, 2001 Medicare Current Beneficiary Survey, and the 2001 Consumer Assessment of Health Plans Survey.

- Dual eligible beneficiaries often possess characteristics associated with needing care—limitations in activities of daily living and poor health status, for example—as well as having difficulty obtaining care—such as being poor and poorly educated.
- Survey results indicate that most duals rate their access to care lower than beneficiaries with other sources of supplemental insurance.
- Medicare-only beneficiaries may or may not report better access to health care than dual eligibles: Duals have a slightly more difficult time getting immediate and regular care, but are more likely to have a usual source of care and less likely to delay care due to cost.

Web links. Dual eligible beneficiaries

- Chapter 3 of the MedPAC June 2004 Report to the Congress provides further information on dual eligible beneficiaries.

http://www.medpac.gov/publications/congressional_reports/June04_ch3.pdf

- The Kaiser Family Foundation provides information on dual eligible beneficiaries.

<http://kff.org>

- The CMS Medicaid Chartbook provides information on the Medicaid program.

<http://www.cms.gov/charts/medicaid/2tchartbk.pdf>